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Administrative and Budgetary Matters

Fund of the United Nations International Drug Control Programme

Proposed revised biennial support budget for 1998-1999 and proposed outline for 2000-2001

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Drug Control Programme (UNDCP) on the proposed revised biennial support budget for 1998-1999 (E/CN.7/1999/12) and the proposed outline for 2000-2001 for the Fund of UNDCP (E/CN.7/1999/11), in advance copy form. The Committee also had before it an advance copy of the report on the revised biennial programme budget for 1998-1999 (E/CN.7/1999/13) and a compendium of ongoing projects for 1998-1999 (E/CN.7/1999/CRP.3). During its consideration of the reports the Committee exchanged views with the Executive Director and other senior officials of the Programme and of the United Nations Office in Vienna, who provided additional information.

2. The Advisory Committee notes that the format of the revised budget follows in general the harmonized model as developed by UNDP, UNFPA and UNICEF, which UNDCP introduced for its initial budget for 1998-1999 (E/CN.7/1997/14). The report includes adjustments that take into account previous observations of the ACABQ, such as a brief summary of the programme and the related financial requirements (section IX of the report), an analysis of its programme support services and efforts to streamline it (para 61) and a review of the external relations function in the context of the work carried out by

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other units or branches, such as the one dealing with inter-agency coordination (paras. 59-60).

3. The Committee welcomes the response to its previous recommendations as outlined in annex II C and D of the report. The Committee notes that further efforts have been made to increase transparency by improving staffing tables (annex I, table A.3 and A.4) and bringing up to date the organizational chart of UNDCP, with all posts by source of funding (annex III). The Committee believes, however, that some further efforts may be needed to streamline the report, particularly to avoid repetition through lengthy descriptions of data summarized in the tables.

Income and expenditure projections

4. As indicated in paragraphs 10-21 and table 6 of the report, revised total income estimates for 1998-1999 amount to $148,210,000, or 27.3 per cent higher as compared to the initial estimate of $116,394,000. Actual total income for 1996-1997 amounted to $103,295,500. Revised contributions are estimated at $118,960,000 for 1998-1999, or 18.6 per cent higher than the initial estimate of $100,289,000. Revised projections for cost-sharing contributions amount to $18,740,00, or 131.1 higher as compared with the initial estimate of $8,107,000, and revised public donations are estimated at $2,510,000, or 93.1 higher as compared with the initial estimate of $1,300,000.

5. The Committee was informed that the revised income projections for 1998-1999 mark a turn-around in the financial situation of UNDCP. The projected increases are attributable to the momentum created by the twentieth Special Session of the General Assembly on countering the world drug problem and the initiatives taken by the Executive Director. The Committee commends the Executive Director for this new direction but notes from table 6 of the report that the bulk of the increase in contributions continues to be for special purpose funds (23.8 per cent), with a modest increase in general purpose contributions (4.9 per cent). The Committee recalls that it had commented in the past on the continued dependence on contributions from a relatively small number of donor countries, which had contributed mainly for earmarked activities and that this situation would limit the Executive Director's flexibility to plan and implement UNDCP's programme activities (see, for example, E/CN.7/1995/22, para. 4). The Committee was informed that this is being addressed, together with the UNDCP's donor community, by new fund-raising initiatives, such as increasing the number of countries contributing to the Fund of UNDCP, increasing cost-sharing arrangements and reaching out to the private sector.

6. The Advisory Committee notes from paragraph 18 of the report that the increase in the projection of cost-sharing contributions is mainly the result of a new type of project arrangements with the Governments of Bolivia, Brazil and Colombia. In this connection, upon inquiry, the Committee was informed that the financing of these activates is done primarily through the Inter-American Development Bank.

7. While the Advisory Committee commends UNDCP for the efforts undertaken to increase projected income, it stresses that planned expenditure should only be based on realistic expectations of assured and attainable income. The Committee continues to be concerned with the current resource trend reflecting an increase only in earmarked contributions (special purpose funds), with limited or no growth at all in general-purpose funds (see paragraph 5 above and A/E/CN.7/1999/11, annex I, table A.3).

8. Revised total expenditures are projected at $153,265,000 for 1998-1999, or 3.2 per cent higher as compared with the initial estimate of $148,210,700. Revised programme expenditure projections amount to $115,000,000, or 4.1 per cent higher as compared with the initial estimate of $110,502,000. Revised estimates for agency programme support are projected at $4,199,300, or 28.5 per cent higher as compared with the initial estimate of $3,779,000, and the revised biennial support budget amounts to $34,065,700 as compared with the initial biennial support budget of $34,292,200. The fund balance will be reduced to $55,421,400 at 31 December 1999, and it is expected to level off at $17,005,000 by 2001 (E/CN.7/1999/12, paras. 2, 4, 12 and tables 4 and 5, see also E/CN.7/1999/11 annex I, table A.3). The Committee welcomes the proposed reduction in the fund balance so that further resources would become available for programming.

Proposed revised biennial support budget for 1998-1999

9. As indicated in paragraph 24 of document E/CN.7/1999/12, the revised biennial support budget of $34,292,200 for 1998-1999 includes volume increases of $3,644,800, which have been offset by cost decreases of $3,871,300, resulting in a decrease of $226,500 as compared to the initial biennial support budget. The Committee notes from table 4 of the report (initial and

revised resource plan) that the figures corresponding to the biennial support budget are not shown under a separate line, as has been in the case of the harmonized presentation of the biennial budget of other funds and programmes. The Committee recommends that this be done in the future, following an approach similar to that implemented by other funds and programmes under their harmonized biennial budget model (see, for example, DP/1999/6, DP/FPA/199/1, E/ICEF/199/AB/L.2) and the related report of the ACABQ (DP/1999/7, DP/FPA/1999/3, E/ICEF/1999/AB/L.4).

10. Paragraph 27 of the report indicates the rationale for introducing volume increases in the middle of the biennial budget, as follows: "(a) upgrade support for new programme activities mandated by the twentieth Special Session of the General Assembly on countering the world drug problem; and (b) consolidate decentralization, streamline support arrangements and foster synergies between UNDCP and CICP, which form part of ODCCP, to continue with the organizational reform launched in 1998."

11. The Advisory Committee notes from paragraph 47 of the report that, with the creation of United Nations Office for Drug Control and Crime Prevention (ODCCP), opportunities for efficiencies are being exploited in the area of field office support. The Center for International Crime Prevention (CICP) has recently established field stations in a number of countries, sharing infrastructure support, wherever possible, with existing UNDCP offices. The Committee further notes that the budgetary implications will be provided in the context of the biennial support budget for 2000-2001. The Committee will revert to this matter during its examination of the report.

12. The volume increase relates to the establishment for 1999 of 16 new support posts (9 Professional, 2 National Officer and 5 General service posts) for a total of 220 posts proposed for the revised biennial budget for 1998-1999. For field programme support, the proposal includes the addition of four posts (increase 1 D-2, 4 P-5, 2 NPO; decrease 2 D-1 and 1 P-4) for a total of 138 posts, including those for a new office in the Islamic Republic of Iran and, at headquarters, a net addition of 12 posts (increase 3 D-1, 3 P-4, 4 P-3, 5 GS/other level; decrease 1 D-2 and 2 P-2) for programme support, management and administration for a total of 82 posts (E/CN.7/1999/12, para 31. and table 9). The Advisory Committee recalls that for the initial budget 17 posts had been transferred from headquarters to the field as part of the decentralization effort (E/CN.7/1997/16, para. 17).

13. Upon request, the Committee was informed that the proposed increase in headquarters posts is not related to the decentralization and will not replace those positions which were moved to the field in the context of the initial budget. Rather, the new posts will complement the headquarters function in the area of external relations and executive oversight. Detailed justifications and job descriptions for the 16 new posts were provided to the Committee. While the Committee does not object to the proposal, it cautions the Executive Director to avoid establishing administrative infrastructures that may be difficult to sustain in the light of resource growth fluctuations in the future. Furthermore, the Committee expects that these increases will obviate the need for further increases in the proposed biennial support budget for 2000 - 2001.

Proposed outline for 2000-2001

14. As shown in table 2 of document E/CN.7/1999/11, for the biennium 2000-2001, the Executive Director estimates total income of $175,000,000, or 18.1 per cent higher as compared to the income projection of $148,210,000 for 1998-1999. Expenditure projection for 2000-2001 amounts to $213,416,400, or 39.2 higher than the expenditure projection of $153,265,000 for 1998-1999. Accordingly, the fund balance is expected to decline from $55,421,400 as at 31 December 1999 to $17,005,000 as at 31 December 2001.

15. The report on the outline for 2000-2001 presents the initiatives of the Executive Director following the twentieth special session of the General Assembly (held in June 1998) on countering the world drug problem. Priorities receiving special attention are listed in paragraph 2 of the report.

16. Programme expenditures are projected to increase to $170,000,000, or 47.8 per cent higher as compared with an expenditure projection of $115,000,000 for 1998-1999. Expenditure for programme support (including agency support), and management and administration is projected at $43,416,400, or 13.5 per cent higher, as compared with an expenditure projection for programme support (including agency support) and management and administration of $38,265,000 for 1998-1999 (E/CN.7/1999/11, tables 1 and 2). Expenditure projections for the biennial support budget for 2000-2001 and 1998-1999 are not clearly shown in the figures of tables 1 and 2 of the report.

As indicated in paragraph 8 above, the Advisory Committee recommends that in the future tables on the biennial resource plan of UNDCP show clearly the projections related to the biennial support budget in both the biennial budget and outline documents.

17. The Advisory Committee recalls that the Declaration on Guiding Principles of Drug Demand Reduction, adopted by the General Assembly in its resolution S-20/3 of 10 June 1998 at its twentieth special session, includes guiding principles for the formulation of the demand reduction component of national and international drug control. The guiding principles called for a balanced approach between demand reduction and supply reduction, each reinforcing the other, in an integrated approach to solving the drug problem (paragraph 8 (a)). The Advisory Committee requests the Executive Director to indicate in the next programme budget how he intends to implement these concerns on national and international demand reduction.

18. The Advisory Committee was informed by the Executive Director that, pursuant to the Economic and Social Council resolution 1997/37 of 21 July 1997, the Secretary-General is submitting to the forty-second session of the Commission on Narcotic Drugs the report of the High-level Expert Group entrusted to review UNDCP and to strengthen the United Nations machinery for international drug control (E/CN.7/1999/5). The recommendations made by the Expert Group include, among others, allocating a larger share of the regular budget of the United Nations to UNDCP, engaging multinational corporations and private endowments in the funding of UNDCP, creating a global drug facility along the lines of that of the environment fund, and introducing a three-year budget process as well as result-based budgeting for the Fund of UNDCP. The Advisory Committee points out that the Organization has begun to establish viable biennial working procedures for its programme and budgets. The Committee trusts that prior to adopting any changes in this regard, it will have the opportunity to review the matter and advise the Commission on Narcotic Drugs accordingly.